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## **Editorial: The Business Model Eruption and How Game Changing Mind Sets Challenge Existing Nodes of Business**

Nielsen, Christian; Ahokangas, Petri; Cöster, Mathias ; Westelius, Alf; Iveroth, Einar; Petri, Carl-Johan

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## Editorial: The Business Model Eruption and How Game Changing Mind Sets Challenge Existing Nodes of Business

Christian Nielsen<sup>1</sup>, Petri Ahokangas<sup>2</sup>, Mathias Cöster<sup>3</sup>, Alf Westelius<sup>4</sup>, Einar Iveroth<sup>3</sup> & Carl-Johan Petri<sup>4</sup>

In justifying the track, the notion that the field of business models had received a vast amount of interest from business, political, technical and academic perspectives in the past decade was highlighted. Despite this rising focus, much progress seems to have been consulting-driven, and research in the field is - if not lacking - then at least behind schedule. As track leaders, we noted that new models of doing business were presenting themselves continuously, but that the academic community was not addressing them accordingly.

New modes of business e.g. based on loosely coupled networks and multisided platforms of value creation and businesses utilizing co-creation and co-opetition oriented structures, potentially pose as threats to the traditional professions as the very structure of organizing and value-realization is altered. Perhaps it can even be argued that management as we know it, will become obsolete in a world of network organizations and social-community based business models, thus posing new conceptions of accountability, control and leadership and ultimately creating new sets of stakeholder tensions. Hence, traditional disciplines such as organiza-

tion, management, accounting and finance, as we know them, may be in dire straits.

Thus from perspective of managing companies we may need to ask: "How do we produce decision-relevant information, create management structures, ensure leadership, alignment of the organization, and implementation of strategic intent?" And from a value determination perspective we may need to ask: "How do we capture value creation and value realizing transactions of network-based enterprises?" Furthermore, from an auditing and law perspective we may need to ask: "How do we validate information across structures that do not exist per se"? Finally, implications for policy-making bodies need to be evaluated.

Although there may be obvious problems as described above, some reflection on whether this tension between business and academia merely can continue on an "as is-basis" will also become of notable importance. This track welcomed a broad spectrum of contributions, including conceptual, theoretical, empirical and interdisciplinary contributions anchored in the business model

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- 1: Aalborg University
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literature as well as other fields of contemporary research.

The paper by *Ahokangas and Myllykoski* explores a new perspective on business models by looking at them specifically from action research and action learning perspectives. Much of the extant business model literature being conceptualization focused, the paper focuses on business model creation and transformation as practices. The action perspective helps to overcome two major problems the authors want to highlight, namely that of agency, i.e., the role and experience of the individuals dealing with business models, and that of context, i.e., how contextual factors influence business model creation and transformation. The contribution of the paper is in that it roots the action perspective to opportunity and advantage related discussion on business models, and builds a coherent approach or framework to research not only the content but also the process dimension of business models. Ahokangas and Myllykoski want to take a step further from mere business model innovation to seeing business model creation and transformation as exploration and exploitation of opportunities and advantages.

*Peyton, Lueg, Khusainova, Iversen and Panti* present a case study on business model change in the software industry. The purpose of the paper is to identify elements of a business model in the software industry. Furthermore the purpose was to identify the antecedents that lead to business model change and assess the consequences of this change. As a foundation for analysis they use Rajala *et al.*'s, (2003) concept of the elements of a business model. They also highlight that customers' willingness to pay for advancements in technology is crucial for software business models. In their findings they state that the framework for business models in the software industry that they use reasonably well describes the specific conditions of the industry. They suggest though that this framework should be extended by the element of innovation. They conclude that it is necessary in order to capture and include the influence from emergent strategies and technologies in software companies.

*Johansson and Abrahamsson* study how business models are used by born global firms when acting upon new business opportunities and how the companies man-

age their business model innovation over time in order to prosper and grow. They define born global firms as young firms characterized by a rapid international growth and innovativeness from their inception. These kinds of firms have the capacity to identify and act upon novel opportunities due to fast access to international networks, international customers, and international financing. The study is based on three exploratory case studies of born global firms in mobile communication, financial services and digital music distribution. Findings from the case studies are that business model innovations are used as a tool by maturing born global firms to navigate the value chains and achieve international growth. Furthermore, they find that these kinds of firms need the capabilities to balance different business model designs simultaneously and to manage its business model innovation in a timely manner.

In his paper on pricing re business models, *Petri* combines research on price models with Osterwalder and Pigneur's business model canvas. He argues that many business model frameworks lack a detailed description of their embedded price- or revenue models. He proposes the concept of a "price model equalizer", that is a concrete model that can be used to describe and analyze the specifics of a price model. It can be used to make sure that the price model is aligned with – and leverages – the business model. The empirical case in the article describes the biggest Swedish taxi company, Taxi Kurir. Taxi Kurir decided to introduce a new price model, which was in line with the customers' preferences. The new price model changed the value proposition, by offering a "fixed fee"-price model. This new price model was only possible to deliver given Taxi Kurir's existing key resources. The new value proposition (and price model) also required the company to introduce new management processes to assure that the key partners (taxi owners and taxi drivers) delivered according to the new value proposition. Hence, the price model, and processes associated with it, was an essential component in leveraging the company's business model.

Heikkilä addresses the area of networked business models, studying a case of a novel eHealth service. In order for the service to work, doctors, pharmacies, health-concerned individuals, among others, need to find sustainable ways of collaborating. There is thus a

need for a business model for the network, rather than just for a focal firm. To aid in the assessment of the viability of the eHealth services, Heikkilä proposes a networked-business-model-based set of performance indicators. The case serves as an illustration of a generally applicable performance estimation process in multi-party settings, and thus contributes to both the performance measurement and the business model literatures.

*Yrjölä* sets out to explore how retailers adopt multichannel business models and the challenges they face when they do so. More specifically the paper increase our understanding of how retailer creates customer and firm value by the utilizations of multiple channels such as a combination of brick-and-mortar stores, vending machines, kiosks, mobile devices, online storefronts in their business model. *Yrjölä* has commendably collected rich empirical material from the field. This consist of semi-structured interviews with top executives from different retailing environments that together provides a clear and in-depth picture of the different challenges that they face when they use multiple channels. *Yrjölä* essentially argues that using a multichannel retail business model requires a critical re-assessment of the cornerstones of an organizations value creation. He also elaborates on the challenges and sums them up into a triad: multichannel formats can lead to a mismatch between customer and firm value, retailers face pressures to use their activities to form integrated total offerings to customers, and finally multiple channels might lead to organizational silos with conflicting goals. Overall, *Yrjölä's* paper provides a more complete and richer understanding of how different channels can co-exist in the same business model than earlier research has offered us.

*Lund and Nielsen* argue that existing frameworks for understanding and analyzing the value propositions and value configuration do not work in the case of network-based business models, i.e. organizations where several companies combine resources and activities in order to lift a certain value proposition to a customer segment. Furthermore, especially in relation to the understanding and configuring of strategic partnerships in relation such network based business models, Lund and Nielsen see abrupt weaknesses in existing methodologies. Trough a longitudinal case study spanning

three years the authors illustrate how a network-based business model arises and evolves and how the forces of a network structure impact the development of its partner relationships. The contribution of this study is to understanding how partners positioned around a business model can be organized into a network-based business model that generates additional value for the core business model and for both the partners and the customers and while existing studies of business model evolution are concerned with the dynamics created by interactions between a business model's components, this study adds value by reflecting the dynamics created in the interactions between a business model's strategic partners.

The papers chosen from the 2013 NFF track on business models for this special issue of the Journal of Business Models are currently paving way to new frontiers in business model research. The forthcoming NFF conference in 2015 at Copenhagen Business School, Denmark, will hopefully provide a platform for continuing down this road by focusing both on the emerging topical themes, such as sustainability and scalability of business models, as well as on relevant approaches to doing future research on business models in the first place.

## About the authors

**Christian Nielsen, PhD**, is Professor at Aalborg University in Denmark. He is Director of CREBS (Center for Research Excellence in Business modelS, [www.crebs.aau.dk](http://www.crebs.aau.dk)), the world's first interdisciplinary research centre focusing on business models. Christian has previously worked as an equity strategist and macro economist focusing specifically on integrating Intellectual Capital and ESG factors into business model valuations. His PhD dissertation from 2005 won the Emerald/EFMD Annual Outstanding Doctoral Research Award, and in 2011 he received the Emerald Literati Network Outstanding Reviewer Award. Christian Nielsen has a substantial number of international publications to his record and his research interests concern analysing, evaluating and measuring the performance of business models. Public profile available on <http://www.linkedin.com/in/christianhnielsen> and <http://personprofil.aau.dk/profil/115869#/minside>



**Petri Ahokangas, D.Sc.**, is senior research fellow and adjunct professor at the University of Oulu Business School, Finland. Prior to his present position he has worked in the telecoms/software industry and as the professor of international business. He is an entrepreneur, active consultant, and serves in the board of directors in several ICT companies. His research interests are in how innovation and technological change affect international business, entrepreneurship, business models, and strategies in highly technology-intensive and software-intensive business domains. He has about 50+ publications in scientific journals, books, conference proceedings, and other reports. He is actively working in several ICT-focused research consortia leading business-related research streams.



**Mathias Cöster, PhD**, is engaged as Assistant Professor at Uppsala University Campus Gotland where he teaches Informatics and Accounting. Cöster's research comprises studies of IT influence on industries and business strategies and his previous work have been carried out on the Swedish Graphic industry. Currently, he is also engaged in research on the relationship between business models and pricing and price models.



**Alf Westelius** is professor of Economic Information Systems at Linköping University. His research centres on change processes (often, but not exclusively connected with IT) and conditions for attaining sustainable change. Related areas include strategic applications of IT, learning, knowledge management, management of change and project management. The concept Perspectives management - identifying and paying heed to perspective differences among people regarding the phenomenon of interest - is central in his research. As consultant, he works with organisations from the public, private and non-profit sectors. One current research interest is the connection between business ecologies, business models and pricing models.



**Einar Iveroth, Dr.,** is Assistant Professor at Uppsala University. He is an expert on strategic pricing, price models and IT-enabled change. His most recent work includes the co-authored book "Pricing: business ecologies, business models, pricing models" (Studentlitteratur, in Swedish). He has also published extensively in a wide variety of internationally scholarly journals including e.g. Journal of Environment Management, European Management Journal, California Management Review, Health Care Management Review, Journal of Accounting & Organizational Change, and Journal of Change Management. Additional research interests include strategy, management control, innovation and creativity. Prior to academia he worked with organizational change issues within the private and public sector.



**Carl-Johan Petri, PhD,** holds a ph.d. from Linköping University. His main research interests are within the fields of strategy, management control and pricing. He has written several books about balanced scorecard (for example Making Scorecards Actionable, Wiley 2003, that has been translated into eight languages). During the last years he and his colleagues at the Centre for Advanced Studies of Innovative Price models have published several articles and a book about how to design innovative price models.

